

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W
-----101055 191235Z /43

R 191140Z FEB 78
FM AMEMBASSY TEHRAN
TO USDOC WASHDC
INFO SECSTATE WASHDC 7040

UNCLAS SECTION 1 OF 2 TEHRAN 01755

E.O. 11652: N/A
TAGS: BBSR IR
SUBJ: WTDR/FTI: INDUSTRIAL DEVELOPMENT AND RENOVATION
ORGANIZATION (IDRO)

REF A. USDOC 2209, B. USDOC 2232, C. 77 TEHRAN 11295

1. IRAN
OFFICE USE: 2. 507 3. 4. 01
5. INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANIZATION
6. JAM-E-JAM STREET, PAHLAVI AVENUE
P O BOX 11-1718
7. TEHRAN
8. CONTACT: DR. HOUSHANG SABETI
9. TITLE: PRESIDENT
OTHER OFFICIALS ARE: DR. NADER KHORZAD, TECHNICAL VICE PRES
DR. KHAJAVI, VICE PRESIDENT FOR RESEARCH AND DEVELOPMENT
DR. SHEYBANI, FINANCIAL VICE PRESIDENT
DR. BAHMAN SANII, DIRECTOR FOR INTERNATIONAL OPERATIONS
10. PHONE 294101/15 11. TELEX 215031 IRKA
12. CABLE
13. ESTABL: 1968 14. EMPL 135 15. SIZE: LARGE
16. REPUTATION: (Y) GOOD 17. RPT DATE 2/78
OFFICE USE: 18. NA 19. NA 20. NA 21. NA 22. NA
23A. 9611 GOVERNMENT INDUSTRIAL DEVELOPMENT CORPORATION
24. FOREIGN SALES: LOCAL AND EXPORT
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25. FINANCIAL REFS: BANK MARKAZI
26. PARTIAL LIST OF US COMPANIES WHO HAVE JJINT VENTURE
MANUFACTURING AGREEMENTS WITH IDRO COMPANIES:
MACHINE SAZI ARAK: WABCO, ILLINOIS, DUMPER BODIES; COM-
BUSION ENGINEERING, CONNECTICUT, HEAT EXCHANGERS AND
PRESSURE BOILERS; ESCO, NEW YORK, SPECIAL STEELS.
MACHINE SAZI TABRIZ: US ELECTRICAL MOTORS DIVISION, EMERGON

COMPANY, MISSOURI, FRACTIONAL ELECTRIC
MOTORS AND GENERATORS; MEDIUM MOTOR AND GEARING DIVISION,
WESTINGHOUSE ELECTRIC COMPANY, NEW YORK, INTEGRAL MOTORS
AND GENERATORS.

IRAN HEAVY EQUIPMENT COMPANY: INTERNATIONAL HARVESTER,
ILLINOIS, AGRICULTURAL TRACTORS.

IRAN JOHN DEERE: DEERE AND CO., ILLINOIS, AGRICULTURAL
MACHINERY.

IRAN ALUMINUM COMPANY: INTERNATIONAL DIVISION, REYNOLDS
METALS COMPANY, VIRGINIA, ALUMINUM.

REFRACTORY MATERIALS COMPANY: HARBISON WALKER DIVISION,
DRESSER INDUSTRIES, PENNSYLVANIA, REFRACTORY PRODUCTS.

27. FOREIGN FIRMS REPRESENTED: SAME AS ITEM (26).

28. POST EVALUATION:

STRUCTURE: IDRO IS SEMI-AUTONOMOUS ORGANIZATION SET
UP IN 1968 TO DIRECT IRAN'S INDUSTRIAL DEVELOPMENT BY
REHABILITATION OF EXISTING ENTERPRISES AND CREATION OF NEW ONES,
EITHER ALONE OR IN PARTNERSHIP WITH PRIVATE CAPITAL, GENERAL
POLICY IS MADE BY GENERAL SHAREHOLDERS BOARD, CHAIRED BY
MINISTER OF ECONOMY AND FINANCE (OR HIS REPRESENTATIVE), ON
WHICH MINISTERS OF LABOR, INDUSTRY AND MINES, MANAGING
DIRECTOR OF PLAN AND BUDGET ORGANIZATION, AND GOVERNOR OF
CENTRAL BANK (OR THEIR REPRESENTATIVES) HOLD SEATS. BOARD
DELEGATES MOST OF ITS POWERS TO THE HIGH COUNCIL, WHICH
MEETS MONTHLY TO SUPERVISE MANAGEMENT AND COMPANY OPERATIONS.
MEMBERS OF HIGH COUNCIL: MANAGING DIRECTOR OF PLAN AND
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BUDGET ORGANIZATION (CHAIRMAN), UNDERSECRETARIES OF
MINISTRIES OF FINANCE AND ECONOMIC AFFAIRS, INDUSTRIES

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INFO SECSTATE WASHDC 7041

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AND MINES, LABOR AND SOCIAL AFFAIRS, AND EXPERTS IN
FIELDS OF BANKING, FINANCE, INDUSTRY, COMMERCE AND LAW.
PRESIDENT IS APPOINTED BY HIGH COUNCIL, WITH CONCURRENCE
OF BOARD, AND HE APPOINTS DIRECTORS OF OPERATING UNITS:
CONSUMER GOODS, MECHANICAL INDUSTRIES, CHEMICALS,
BUILDING AND CONSTRUCTION, MINING METALLURGICAL INDUSTRIES,
SERVICE INDUSTRIES, RESEARCH AND DEVELOPMENT, INTERNATIONAL
PROJECTS. EACH DIRECTOR EXERCISES RESPONSIBILITY OVER
GROUPS OF AFFILIATED COMPANIES IN WHICH IDRO HAS FROM 5
PERCENT TO 100 PERCENT OWNERSHIP.
MANAGEMENT: IDRO MANAGEMENT IS WELL REGARDED IN IRAN.
ALTHOUGH A GOVERNMENT ORGANIZATION, IDRO'S
MISSION CALLS FOR IT, WHEREVER POSSIBLE, TO
ACT AS CATALYST FOR PRIVATE INVESTMENT RATHER THAN
SIMPLY AS A CONDUIT FOR GOVERNMENT CAPITAL, AND TO ALLOW
MAXIMUM AUTONOMY TO INDIVIDUAL AFFILIATE COMPANIES
IN MANAGING THEIR OWN AFFAIRS. CURRENT OPERATING
PHILOSOPHY IS CONSOLIDATION, BY WHICH IS UNDERSTOOD
EFFICIENT AND PROFITABLE MANAGEMENT OF EXISTING COMPANIES
RATHER THAN ACQUISITION OF NEW ONES. IT IS GENERALLY
AGREED THAT BETWEEN 1973 AND 1976, THE ORGANIZATION'S
RATE OF EXPANSION STRAINED THE CAPABILITIES OF MANAGEMENT
TO KEEP PACE.
FINANCE: LAST BALANCE SHEET ISSUED WAS FOR IRANIAN FISCAL
YEAR 76/77 (ENDING 3/21/77) AND CONTAINS FOLLOWING IN-
FORMATION: COMPANIES IN WHICH IDRO HOLDS EQUITY; 52;
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TOTAL EQUITY: RS 56 BILLION (DOLS 794 MILLION); PAID-IN
EQUITY, RS 7 BILLION (DOLS 99.2 MILLION); TOTAL ASSETS: RS
82.9 BILLION (DOLS 1.17 BILLION); OPERATING GROSS INCOME:
RS 24 BILLION (DOLS 340 MILLION); SUBSIDIES RS 323 MILLION
(DOLS 4.5 MILLION); NET LOSS RS 85 MILLION (DOLS 1.2 MILLION);
COMPANIES WITH WHICH IDRO HOLDS MANAGEMENT OR TECHNICAL
ASSISTANCE AGREEMENTS; 60. ALTHOUGH IDRO HAS ALWAYS
SHOWN DEFICIT, LOSSES HAVE BEEN FALLING RELATIVE TO
OPERATING INCOME AND THE ORGANIZATION IS EXPECTED TO SHOW
SMALL PROFIT IN 77/78. IDRO COMPANIES ARE THUS FAR
EXEMPT FROM IRANIAN LAW REQUIRING COMPANIES TO DISTRIBUTE
EQUITY AND PROFITS AMONG WORKERS.
RECOMMENDATIONS: ISRO IS AN ENTITY OF IRANIAN GOVERN-
MENT AND AS SUCH CAN BE EXPECTED TO HONOR FINANCIAL AND
CONTRACTUAL AGREEMENTS. HOWEVER, AGREEMENTS WITH IDRO
AFFILIATED COMPANIES SHOULD EACH BE CONSIDERED ON THEIR
MERITS AS THE AFFILIATED COMPANIES HAVE MANAGEMENT
AUTONOMY. U.S. FIRMS INTERESTED IN JOINT VENTURE
PRODUCTION IN IRAN SHOULD CONSULT INTERNATIONAL PROJECTS

DIRECTOR OF IDRO AS INITIAL CONTACT. AFFILIATE FIRMS
ARE RESPONSIBLE FOR THEIR OWN PROCUREMENT EXCEPT FOR
MAJOR TRANSACTIONS WHEN NON-COMMERCIAL CONSIDERATIONS
MAY DEVELOP.
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Disposition Reason:
Disposition Remarks:
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Review Release Event: n/a
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Secure: OPEN
Status: NATIVE
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TAGS: BBSR, IR
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